GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:427
ANSWERED ON:21.04.2003
CONFERENCE OF STATE AGRICULTURE MINISTERS
RAGHUVANSH PRASAD SINGH;RAM PRASAD SINGH

Will the Minister of AGRICULTURE be pleased to state:

(a) the details of the resolution passed during the last Conference of the State Agriculture Ministers;

(b) whether a demand was also raised in the conference that the National Bank for Agriculture and Rural Development (NABARD) be brought under the administrative control of the Ministry of Agriculture in order to make agriculture policy more conducive to farmers; and

(c) if so, the reaction of the Government thereon?

Answer

MINISTER OF AGRICULTURE (SHRI AJIT SINGH)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO.427 DUE FOR REPLY ON 21ST APRIL, 2003.

(a): The resolutions passed in the Conference of the State Agriculture Ministers convened on 11th December, 2002 are Annexed.

(b): Yes, Sir.

(c): The suggestion of shifting of the administrative control of NABARD is being examined by the Government.

ANNEXURE

RESOLUTIONS PASSED ON THE OCCASION OF ALL INDIA CONFERENCE OF STATE AGRICULTURE & COOPERATION MINISTERS HELD ON 11TH DECEMBER, 2002 AT VIGYAN BHAVAN, NEW DELHI.

After detailed deliberations in the Conference, the following resolutions were passed unanimously:-

1. Agriculture credit:

i) That Agriculture is a priority sector but the rate of interest for agricultural loan are higher (14% - 18%) compared to interest rates in the other sectors of economy. Therefore, steps be taken to reduce the rate of interest in agriculture sector to a reasonable and affordable level. There is urgent need to further simplify the procedure for lending to the farmers to make agriculture credit easily available.

ii) That the Reserve Bank of India should take steps to ensure that Commercial Banks achieve the stipulated target of 18% of their net bank credit to agriculture sector. A target of Rs.7,50,000 crores has been set for agriculture credit to be disbursed during the 10th Five Year Plan. There is an immediate need to chalk out a detailed strategy and plan by the Ministry of Finance and Reserve Bank of India/NABARD in consultation with Ministry of Agriculture to achieve this target.

iii) That the rate of interest on re-finance by NABARD should continue to be 3% below the bank rate. Re-finance by NABARD should be increased to attain level of about 50% of the total lending by cooperative credit institutions at least for three years.

iv) That in view of the close link of NABARD with the agriculture and cooperatives, it should be brought under the administrative control of Ministry of Agriculture.

v) Primary Agriculture Credit Societies (PACS) should be converted into Mini Banks to enable them to mobilize locally available deposits and for deploying it in agriculture sector at the lower rate of interest.

vi) That the rehabilitation package which has been recommended to revamp the cooperative credit structure may not be suitable for most of the States because of lack of financial resources. Therefore, it was felt that the rehabilitation package may urgently be re-examined and implemented immediately.

vii) That in view of the weak financial position of a large number of District Central Cooperative Banks, RBI should relax the provisions of section 11 of the Banking Regulation Act, 1949 (AACS).

2. Crop Insurance:

i) That the premium rates of agriculture insurance should be rationalized as the existing actuarial rates are quite high.
ii) That the scheme should not be made compulsory for loanee farmers.
iii) That the proposed Agriculture Insurance Company should function under the administrative control of Ministry of Agriculture.
iv) That the unit area of insurance should be brought down to the village level and all crops including perennial crop should be covered under the National Agriculture Insurance Scheme (NAIS).